

Memorandum



CITY OF DALLAS

DATE: March 24, 2026

TO: Honorable Members of the Finance Committee: Chad West (Chair), Kathy Stewart (Vice Chair), Zarin Gracey, Maxie Johnson, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT: Internal Audit Reports Released from February 24, 2026, to March 23, 2026

Attached for your review is the Office of the City Auditor audit reports released from February 24, 2026, through March 23, 2026. See following pages for the full reports. **Exhibit 1**, summarizes the number of report recommendations accepted by city management.

Exhibit 1: Summary of Audit Report Recommendations Accepted

Audit Report Title	Report Recommendations		
	Accepted	Total	Percentage
Confidential Report: Audit of Active Directory (March 11, 2026)	5	5	100
Special Audit of Former Council Members – Carolyn King Arnold, Tennell Atkins, Omar Narvaez Jaynie Schultz (February 27, 2026)	0	0	0

The Office of the City Auditor continues to make progress on the fiscal year audit plan. Eight reports have been issued to date, with additional projects currently in planning, fieldwork, and reporting stages. **Exhibit 2** summarizes the status of ongoing audit work. The Office of the City Auditor remains on track to complete the fiscal year audit plan.

Exhibit 2: Fiscal Year Audit Plan Status Update

Fiscal Year Audit Plan Progress	Status	Examples of Audits Currently in Progress
Total Planned Reports	20	– Women & Infant Care
Reports Issued	8	– Permitting Process
Audits in Planning	9	– Convention Center Monitoring
Audits in Fieldwork	2	– Office of Arts and Culture
Audits in Reporting	4	– Park and Recreation Revenue Management
Reports Pending Management Response	3	

The Office appreciates the continued support of the Finance Committee and looks forward to continuing to provide independent oversight to assist the Council in its governance responsibilities.

If you have any questions, please contact me at (214) 670-4911 or mamatha.sparks@dallas.gov.

March 24, 2026

Internal Audit Reports Released From February 24, 2026 to March 23, 2026

Page 2 of 2

Sincerely,

Mamatha Sparks

Mamatha Sparks
Interim City Auditor

C:

Kimberly Bizer Tolbert, City Manager
Tammy Palomino, City Attorney
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Ahmand Goree, Chief of Staff
Directors and Assistant Directors

Memorandum



DATE: March 11, 2026

TO: Honorable Mayor and Members of the City Council

SUBJECT: Confidential Report: Audit of Active Directory

The Office of the City Auditor released the *Confidential Report: Audit of Active Directory* on March 11, 2026. The objectives of this audit were to determine whether Active Directory:

- Implementation is designed securely and effectively
- Group policy configurations are securely configured
- Domain users, administrators, and service accounts utilize the Principle of Least Privilege
- Controls exist to enforce contractor network account authentication, access, and removal
- Monitoring and logging practices alert the City to anomalies

This audit focused on assessing the security architecture, configuration, and operational efficiency of the organization's on-premises Active Directory with a limited focus on Okta for future consideration. The scope of the audit was May 1, 2024, through April 30, 2025.

Due to the sensitive information in this report, the distribution was limited to the City management responsible for the Department of Information & Technology Services, in accordance with the Government Auditing Standards and the Texas Public Information Act – Texas Government Code, § 552.139: *Confidentiality of Government Information Related to Security or Infrastructure Issues for Computers*.

If you have any additional questions, please contact me at 214-670-3222. You may also contact me at 615-974-8700 or mark.swann@dallas.gov.

Sincerely,



Mark S. Swann
City Auditor

Memorandum



DATE: February 27, 2026

TO: Honorable Mayor and Member of the City Council

SUBJECT: Special Audit of Former City Council Members

The Office of the City Auditor is required by City Charter Chapter IX, Section 4, Special Audit, to audit the accounts of former City officials upon their death, resignation, removal, or expiration of term to determine any indebtedness to the City.

This audit addressed the accounts of former City Council Members Carolyn King Arnold, Omar Narvaez, Tennell Atkins and Jaynie Schultz. The audit evaluated whether the former City Council Members': (1) City funded office holder accounts were within budget; (2) City owned personal property was accounted for; and (3) purchases were for a public purpose.

The results of this audit found that the former City Council Members were clear of outstanding debts. However, the observations made in past special audits of former City Council Members continue to exist. See [Attachment A](#) that discusses similar observations made in this audit. We encourage the Mayor and City Council to continue development of procedures that address the risks associated with the observations.

If you have any questions, please contact me at 615-974-8700 or mark.swann@dallas.gov.

Sincerely,



Mark S. Swann
City Auditor

Attachment

- c: Honorable Mayor and Members of the City Council
- Kimberly Bizer Tolbert, City Manager
- Tammy L. Palomino, City Attorney
- Biliera Johnson, City Secretary
- Baron Eliason, Inspector General (I)
- Ahmad Goree, Chief of Staff
- Jack Ireland, Chief Financial Officer
- Sheri Kowalski, City Controller
- Jeffrey Brill, Manager – Financial Compliance, Auditing, & Monitoring



Special Audit of Former Council Members

February 27, 2026

Mark S. Swann, City Auditor

Mayor

Eric L. Johnson

Mayor Pro Tem

Jesse Moreno

Deputy Mayor Pro Tem

Gay Donnell Willis

Council Members

Adam Bazaldua

Lorie Blair

Paula Blackmon

Laura Cadena

Zarin D. Gracey

Maxie Johnson

Cara Mendelsohn

Jaime Resendez

Paul E. Ridley

William Roth

Kathy Stewart

Chad West

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Executive Summary

The Office of the City Auditor is required by City Charter Chapter IX, Section 4, Special Audit, to audit the accounts of former City officials upon their death, resignation, removal, or expiration of term to determine any indebtedness to the City.

This audit addressed the accounts of the former City Council Members Carolyn King Arnold, Omar Narvaez, Tennell Atkins and Jaynie Schultz. The audit evaluated whether the former City Council Members: (1) City funded office holder accounts were within budget; (2) City owned personal property was accounted for; and (3) purchases were for a public purpose.

The scope of this audit is the full term of each former City Council Member.

Objectives and Conclusions

1. Were the City funded office holder accounts within budget?

Yes. No former City Council Member exceeded their office holder accounts during their full term.

2. Was City owned personal property accounted for?

No. As observed in previous Special Audits of former City Council Members, City Council staff does not track, monitor, or inventory personal property as suggested by Administrative Directive 6-01, Control of City Property (January 24, 2020). Most of the personal property acquired by council members is less than \$1,000 and includes items that might be considered attractive for personal use (furniture, decor, computers, convenience accessories.) See [Observation B](#).

3. Were purchases for a public purpose?

Generally, yes. Based on the expenditure description it was determined that the purchases had a public purpose. However, documentation to support a selected sample of transactions was not provided. The transactions listed in the Annual Statement of City-Funded Officeholder Accounts do not completely match the financial system transactions, and not all expenditures had a description, or the description was not sufficient. The ability to demonstrate City funds are being applied correctly is difficult when supporting documentation is not available. See [Observation A](#).

Attachment A: Opportunities for Improvement

We encourage the Mayor and City Council to continue development of procedures that address the risks associated with the observations.

Risk Summary

Risk classification is based on criteria outlined in the *Standards for Internal Control In the Federal Government*—Compliance, Operational, Financial, and citizen focused criteria of Public Image. Each program is evaluated against these criteria, and the resulting risk classification reflects the program’s alignment with departmental goals as well as its overall significance to the community.

Observation A: City Personal Property Management

Risk Rating: ● High

The Mayor and City Council staff do not track, monitor, or inventory personal property as suggested by Administrative Directive 6-01, Control of City Property (January 24, 2020). Most of the personal property acquired by council members is less than \$1,000 and includes items that might be susceptible for personal use (furniture, decor, computers, convenience accessories.) Although these purchases are within policy guidelines, not having complete, accurate and tagged trackable items make it difficult to verify the existence of the personal property, especially after the council member has left office.

The Mayor and City Council staff continue to use a Microsoft Excel template as a tracking mechanism for council aides to document purchased equipment and furniture details under the \$5,000 capitalization threshold. However, the completeness and accuracy of the inventory are dependent on the diligence of the council aide in completing the form.

Criteria

- ◆ Administrative Directive 6-01, Control of City Property (January 24, 2020)
- ◆ *Standards for Internal Control in the Federal Government*: Principle 10—Design Control Activities.

Observation B: Analysis of City Funded Office Holder Accounts

Risk Rating: ● Moderate

The Annual Statement of City-Funded Officeholder Accounts does not completely match the financial system transactions, and documentation to support some of the expenditures selected for review was not provided. The ability to demonstrate City funds are being applied correctly and determine if the expenditure is for a public purpose is difficult when supporting documentation is not available, and reports on officeholders' expenditures cannot be easily traced to the City's financial records. This is a recurring practice as was noted in previous Special Audits of former City Council Members.

Special Audits Issued by the Office of the City Auditor

The following are special audits issued by the Office of the City Auditor since 2020:

- **Special Audit of Former City Council Members, February 28, 2025**—City Council Members Casey Thomas II and Adam McGough.
- **Special Audit of Former City Council Members, July 21, 2022**— City Council Members Jennifer S. Gates, Adam Medrano, Lee M. Kleinman, and David Blewett.
- **Special Audit of Former Mayor and City Council Members, April 15, 2020**—Mayor Michael Rawlings, City Council Members Scott Griggs, Rickey D. Callahan, Kevin Felder, Mark Clayton, Sandra Greyson, and Phillip T. Kingston.

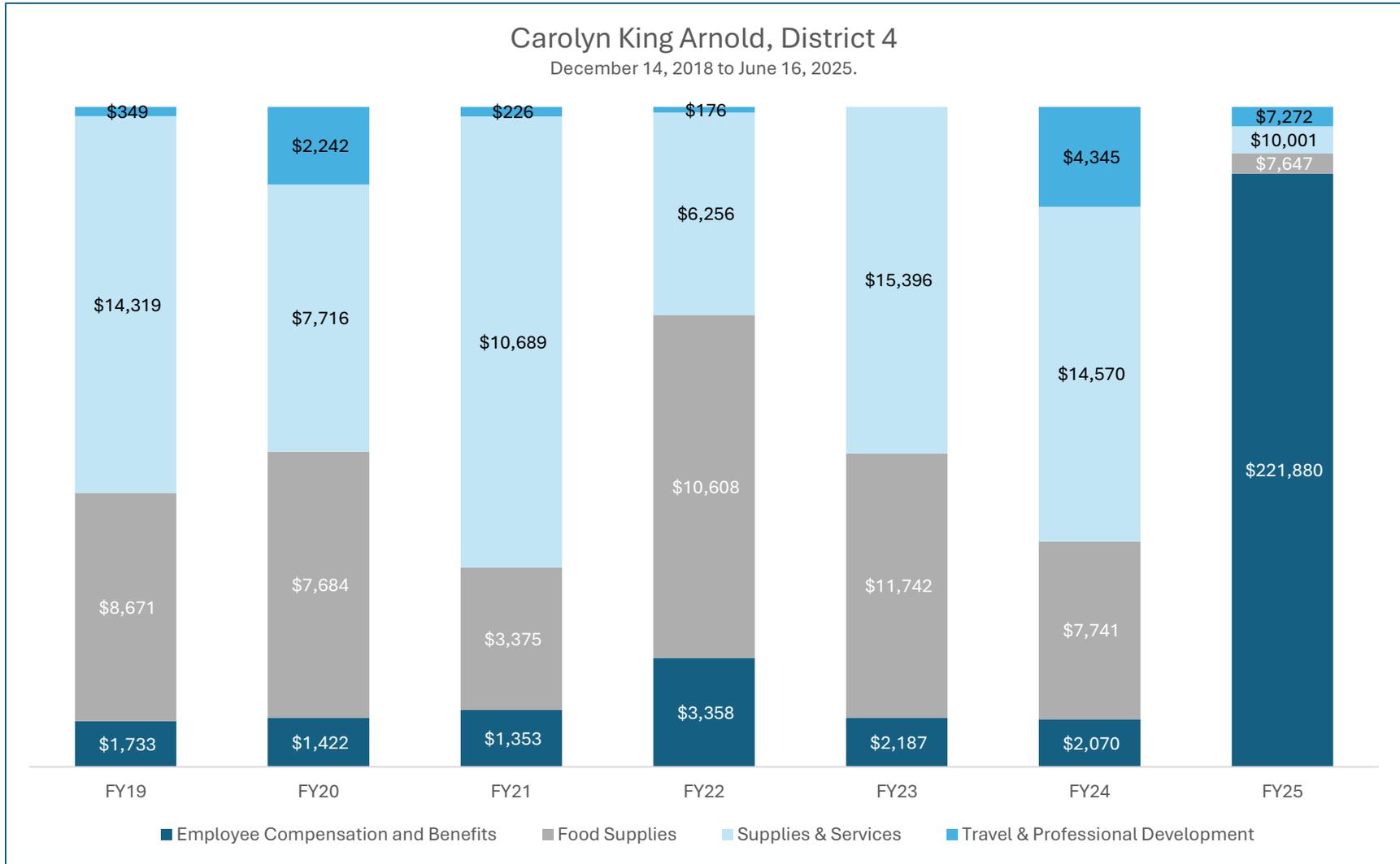
Source: Office of the City Auditor's website: dallascityhall.com/departments/auditor.

Exhibits 1 to 4 (see following pages) break down each former City Council Member's office holder accounts by nature of expenditures by fiscal year. Fiscal Year 2025 was the first year that each council member was administratively responsible for their staff. As a result, all compensation and benefits expenditures are included in the council member's office holder accounts and are approximately 90 percent of the total expenditures for Fiscal Year 2025.

Criteria

- ◆ City Code, Chapter 15 Elections Article 1-b City-Funded Officeholder Accounts Section 15A-7.4 Use of City-Funded Officeholder Accounts Section (b) and (d).
- ◆ *Standards for Internal Control in the Federal Government*: Principle 10—Design Control Activities.

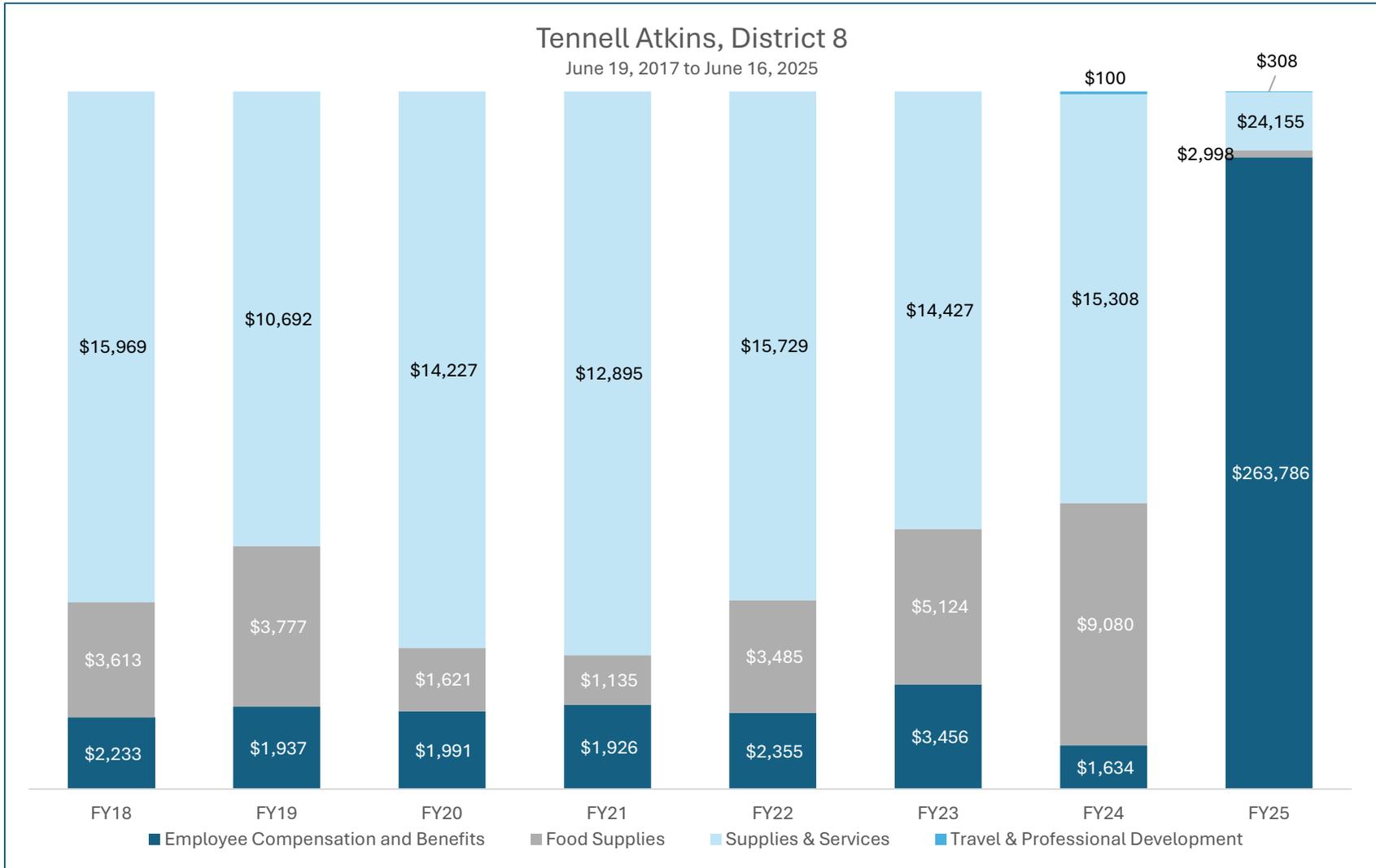
Exhibit 1: Carolyn King Arnold—Expenditures by Fiscal Year



Source: Office of Budget and Management Services.

Note: In Fiscal Year 2025, Councilmember budgets were increased to fully cover employee salaries and benefits.

Exhibit 2: Tennell Atkins—Expenditures by Fiscal Year

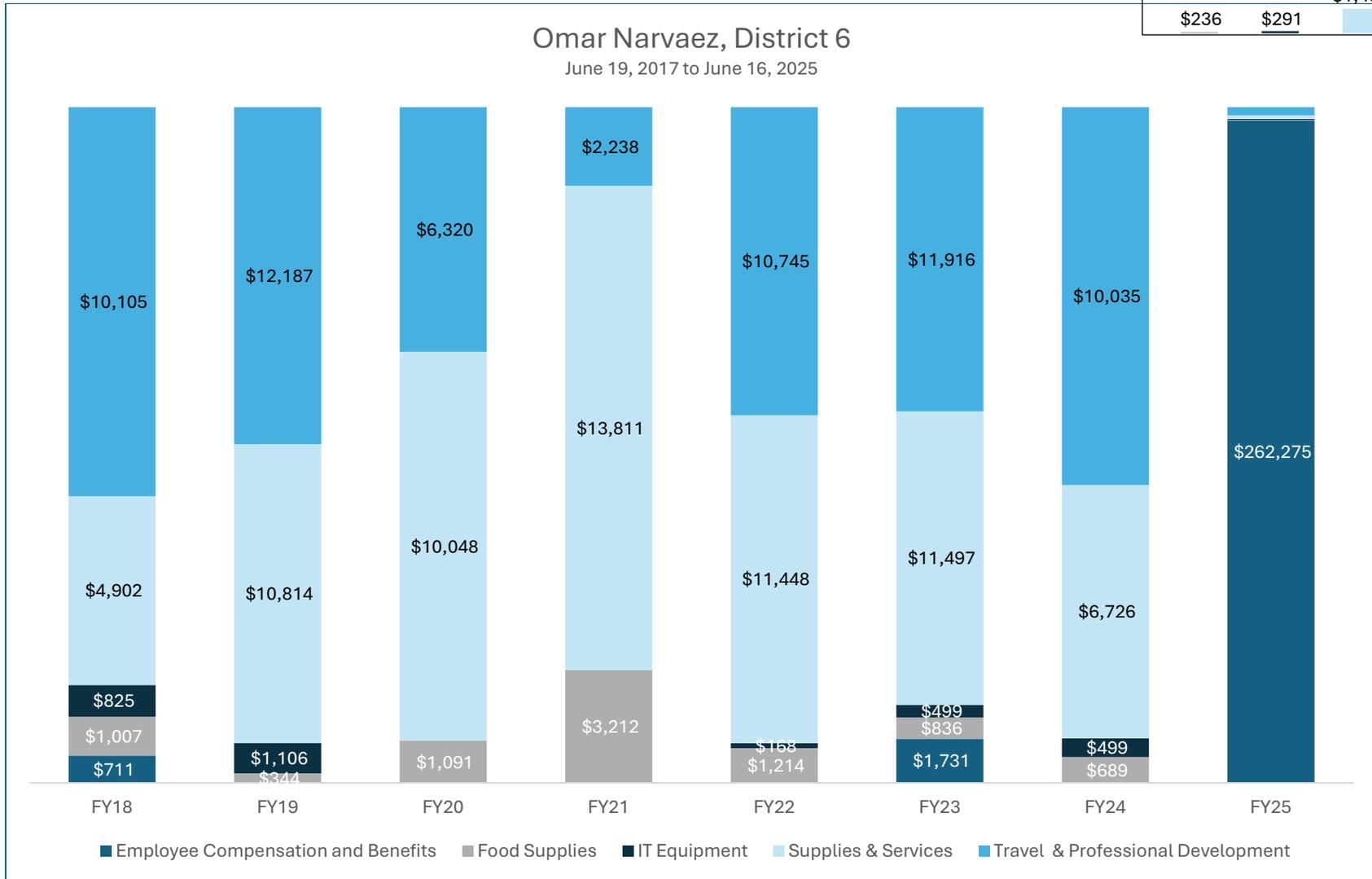


Source: Office of Budget and Management Services.

Note: In Fiscal Year 2025, Councilmember budgets were increased to fully cover employee salaries and benefits.

This mini chart breaks down the remaining cost for Fiscal Year 2025 for council member Omar Narvaez for readability.

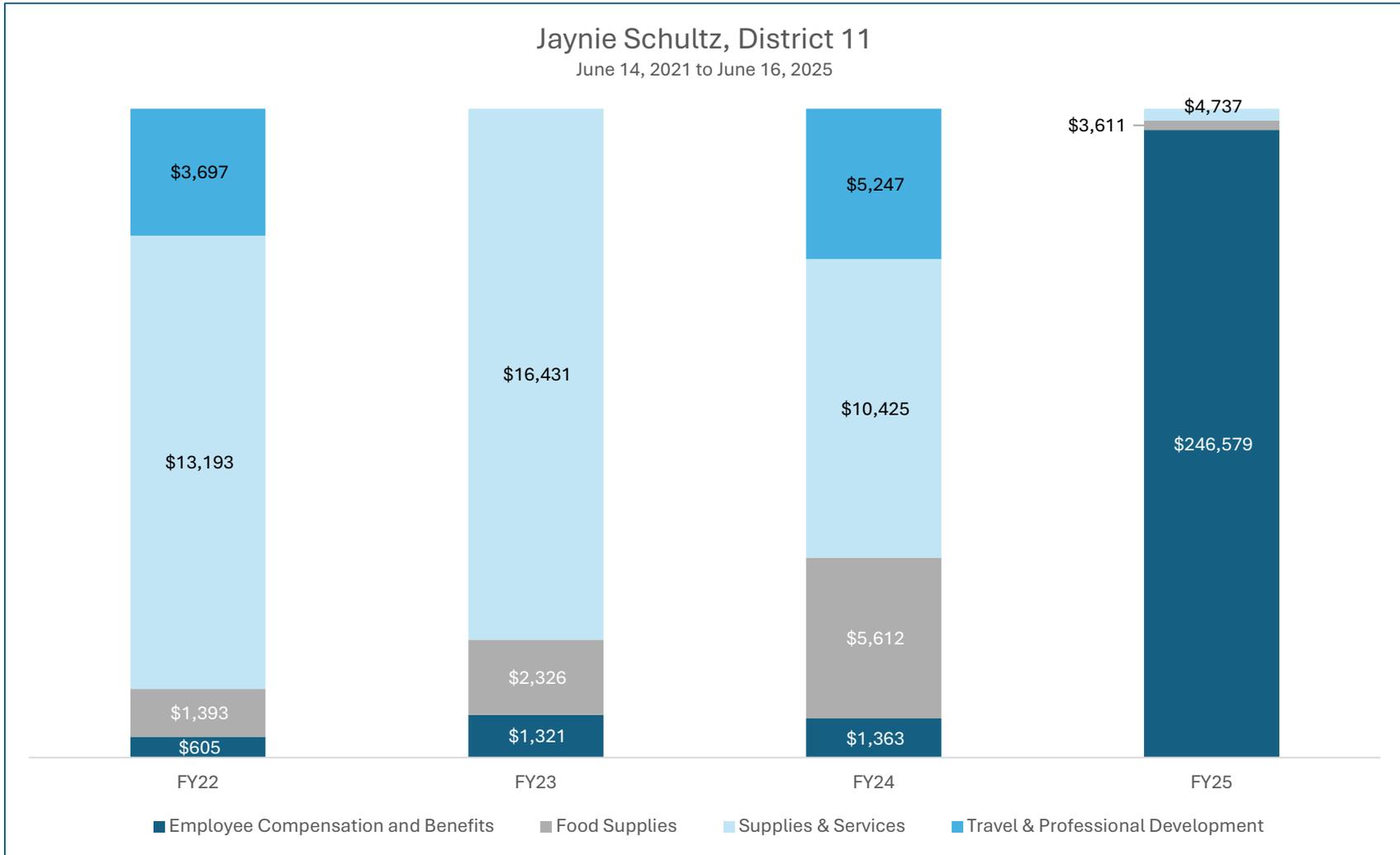
Exhibit 3: Omar Narvaez—Expenditures by Fiscal Year



Source: Office of Budget and Management Services.

Note: In Fiscal Year 2025, Councilmember budgets were increased to fully cover employee salaries and benefits.

Exhibit 4: Jaynie Schultz—Expenditures by Fiscal Year



Source: Office of Budget and Management Services.

Note: In Fiscal Year 2025, Councilmember budgets were increased to fully cover employee salaries and benefits.

Methodology

The audit methodology included:

- Interviewing staff assigned to each former City Council Member and other City offices and departments
- Performing various analyses using Audit Command Language (ACL) on the transactions downloaded from the City’s financial system and the former City Council Members’ Annual Statement of City Funded Officeholder Accounts
- In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

GAGAS Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report—For Public Use

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Zachary Goebel— In-Charge Auditor
Rory Galter, CPA—Engagement Manager
